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other. Gross inadequacy of compensation, in the absence of fraud or mutual mistake as to the extent of the employee's injuries, is not a ground for setting aside the latter. *Dotson* v. *Proctor & Gamble Mfg. Co.*, 102 Kan. 248, 169 Pac. 1136. But it would seem that, as to arbitral awards, the converse is true. See *dictum* in *Weathers* v. *Kansas City Bridge Co.*, 99 Kan. 632, 162 Pac. 957.

A release given in full settlement of all claims under the Workmen's Compensation Act, and approved by the Industrial Accident Board, will not bar an action by the injured employee to recover additonal compensation to which he is entitled under the Compensation Act, where the employer and his insurer fail to report to the Board the full extent and nature of the injury sustained. *Green* v. *Buick Motor Co.* (Mich.), 166 N. W. 1028.

MUNICIPAL CORPORATIONS—INVALID BONDS—LIABILITIES TO HOLDERS.—The City of Henderson, by its council, authorized the mayor and clerk to issue bonds for street improvements. Y purchased from the mayor some of the bonds so issued, both parties believing that they were valid. Y transferred the bonds to R in consideration for a house and lot. The bonds were issued under an unconstitutional statute. R brought action against Y to recover the face value of the bonds, and Y, by petition, made the municipality a party defendant, and asked for the recovery from it of the money paid for the bonds. *Held*, Y can recover. *City of Henderson* v. *Redman* (Ky.), 214 S. W. 809.

Bonds issued under an unconstitutional statute are invalid. *Central Branch Union Pacific R. Co.* v. *Smith*, 23 Kan. 745; *Whaley* v. *Gaillard*, 21 S. C. 560. But where one, in good faith, lends money to a municipal corporation to be used for a corporate purpose, and takes bonds therefor, he is entitled to recover it in an action in assumpsit, if the bonds prove to be void for want of power in the corporation to issue them. *Fernald* v. *Town of Gilman*, 123 Fed. 797. And a purchaser from the person who innocently takes the invalid paper from the municipality, is entitled to recover the money paid by the latter for the bonds. *Chelsea Savings Bank* v. *City of Ironwood*, 66 C. C. A. 230, 130 Fed. 410; *Fernald* v. *Town of Gilman*, *supra*.

If a municipal corporation has authority to issue bonds, and it does issue bonds, which are void for some hidden defect, the consideration for the loan thus failing, the corporation will be held liable on an implied contract to repay the purchase price with interest thereon. *Louisiana* v. *Wood*, 102 U. S. 294. See *Read* v. *Plattsmouth*, 107 U. S. 568. In such a case, the city, with legislative authority to borrow, is in the market in the capacity of a borrower and receives the money in that character, even though the transaction assume the form of a sale of its securities. *Louisiana* v. *Wood*, *supra*; *Hoag* v. *Town of Greenwich*, 133 N. Y. 152, 30 N. E. 842. The action by the holders of the bonds against the city is justified, under the forms of the common law, on the ground that it is an action for money of the plaintiff had and received by the city, being money paid upon a consideration which happens to fail, or money paid by mistake, or money got through imposition. See *Louis-*

iana v. *Wood, supra;* and *Clark* v. *Board of Commissioners,* 9 Neb. 516, 4 N. W. 246.

Where, in fact, the municipality has received no money for the issue of the bonds, no action by the purchaser or holder of the bonds will lie, for there does not exist the foundation for an action to recover a debt owing by the municipality. *Ætna Life Insurance Co.* v. *Middleport,* 124 U. S. 534; *Travelers' Insurance Co.* v. *Mayor of Johnson City,* 40 C. C. A. 58, 99 Fed. 663; *Parkersburg* v. *Brown,* 106 U. S. 487. Again, where the city has no statutory authority to purchase certain articles, or its agent has no authority to do so, or where a contract entered into for services rendered in the construction of improvements is beyond the authorty of the municipality to make, the city is not liable for bonds issued for these purposes, on the ground that a due regard for the protection of the taxpayers of the municipality demands that the city should be held strictly to its statutory authority in the making of contracts and the expenditure of public funds. *Floyd County* v. *Allen,* 137 Ky. 575, 126 S. W. 124; *J. I. Case Threshing Machine Co.* v. *Commonwealth,* 177 Ky. 454, 197 S. W. 940. Thus, where a city clerk, without authority, purchased insect exterminator powder which was used by the city, but the body with sale power to bind the city promptly rejected the bill, it was held that the city was not liable. *Worell Manufacturing Co.* v. *City of Ashland,* 159 Ky. 656, 167 S. W. 922.

The soundness of these decisions is unquestioned, but they differ from the instant case in an important particular. In the cases cited, though the city got the benefit of the materials, no funds went into the treasury of the municipality, and, if it were made liable for the materials, the treasury would be drawn on without a corresponding amount having gone into it. Hence, the amount to be paid would not be paid with a corresponding sum previously paid by the plaintiff, but with money furnished by the taxpayers. In the instant case, on the other hand, the money had been previously paid into the treasury of the municipality, and a recovery is allowed upon the principle of the broad obligation to do justice which rests on all persons, natural and artificial. See *Marsh* v. *Fulton County,* 10 Wall. 676. And the party purchasing the void bonds from the city is entitled to recover the purchase price paid, even though he does not restore, or offer to restore, the bonds delivered to him. *Paul* v. *City of Kenosha,* 22 Wis. 266. *Contra: City of Ironwood* v. *Wickes,* 93 App. Div. 164, 87 N. Y. Supp. 554.

Where a municipal corporation has legislative authority to issue negotiable instruments, dependent only upon the adoption of certain preliminary proceedings, such as popular election, the *bona fide* holder has a right to assume that such preliminary proceedings have been regularly taken, if the fact be certified on the face of the instruments, or on the face of the bonds from which negotiable coupons are detached, by the officers whose duty it is to ascertain it. The recital estops the corporation from contesting it as against such holder, and the latter is not bound to ascertain the truth or falsity of such recital. *County of Warren* v. *Marcy,* 97 U. S. 96; *Commissioners* v. *Bolles,* 94 U. S. 104; *Town of Coloma* v. *Eaves,* 92 U. S. 484; *Supervisors of Cumberland County*

v. *Randolph*, 89 Va. 614, 16 S. E. 722. And this principle of estoppel applies even though the bonds be non-negotiable. *De Voss* v. *City of Richmond*, 18 Gratt. (Va.) 338. The recital in bonds issued by a municipal corporation that they were issued "in pursuance of an act of the legislature of the State and ordinances of the city council of said city, passed in pursuance thereof," does not put a purchaser upon inquiry as to the terms of the ordinance under which the bonds were issued, nor as to the city's compliance with the conditions precedent to an issue of bonds, prescribed in the legislative act. *Evansville* v. *Dennett*, 161 U. S. 434. Where a property owner, without protest, allows the city to make street improvements in accordance with an ordinance, passed under the authority of an unconstitutional statute and requiring that the cost be taxed against the abutting property owners, the city cannot enforce payment of assessments levied under the void ordinance. *City of Henderson* v. *Lieber's Executor*, 175 Ky. 15, 192 S. W. 830. And it seems that if collections be made of such assessments, the payments can be recovered back. See *dictum* in *City of Henderson* v. *Lieber's Executor, supra.*

The holding in the instant case seems sound upon reason and principle, and is supported by the overwhelming weight of modern authority.